

INTERNATIONAL BUSINESS NEWS – OCTOBER 2004

U.S. Department of Commerce

International Trade Administration – U.S. Export Assistance Center

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PORTUGAL - U.S. DEPARTMENT OF COMMERCE'S MARKET OF THE MONTH

Although Portugal is a European country it looks towards the Atlantic and to trade with others. After all, Portugal discovered trade routes to Africa before Columbus landed in America! Bilateral relations between the United States and Portugal are excellent, characterized by shared democratic values and similar foreign policy perspectives. As in many other small countries, personal relationships are a key component of doing business here. Portugal can be an excellent base of operations for doing business in Brazil, Africa and in the rest of Europe.

Economic Outlook

Portugal has become a diversified and increasingly service-based economy since joining the European Community in 1986. Over the past decade, successive governments have privatized many state-controlled firms and liberalized key areas of the economy. Riding a crest of positive world economic news and EU investment in the late 1990's, Portugal's economy boomed. In the past couple of years, however, both its economy and government financing have slowed considerably. It has embarked on a wide-ranging, microeconomic reform program, which should have a positive impact on long-term economic growth potential.

As a member of the European Monetary Union (EMU) since 1999, Portugal has experienced exchange rate stability, price stability and lower exchange rates. Portugal's economic growth has been above the EU average for much of the past decade, but fell back in 2001-03. Portugal's economic growth over the last decade has been accompanied by heavy investment in infrastructure, largely funded by the EU.

Best Prospects for U.S. Exports:

1. Telecommunications Equipment
2. Computer & Software
3. Internet & e-commerce
4. Computers & Peripherals
5. Pollution Control Equipment
6. Medical Equipment
7. Energy Services

8. Franchising
9. Defense Services
10. Tourism

Local Representative. Portugal is a small country and knowing people in your industry is important. Therefore exporters need a local representative who must have good contacts in order to be aware of future contracts and to participate in tenders.

Impact of the EU. If homework has been done for other EU markets it is basically done for Portugal. To look at it another way, if a U.S. firm starts with Portugal they are basically ready to expand into any other European Union country. Many projects are EU-funded, so an EU partner is desirable when bidding on these.

The Iberian Peninsula. Portugal and Spain is not one homogeneous marketing area. Normally your Spanish distributor should not be asked to cover Portugal unless the Spanish company is willing to set up a separate Portuguese entity to handle this. If Spanish distributors consider Portugal an extension of the Spanish market, they are largely ineffective in Portugal.

Slow Down. Business takes longer as compared to northern Europe because personal contacts are important. Your customers want to get to know you before they will trust you.

To find out more about doing in business in Portugal, contact

Senior Commercial Officer Greg Taevs at
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Lisbon:
U.S. Commercial Service
American Embassy Lisbon
Avenida das Forças Armadas
1600-081 Lisbon
351-21-770 2528

Oporto:
U.S. Commercial Service
Avenida da Boavista, 3523 Room 501
4100-139 Porto
351-22-618-6607

CUSTOMS EXPERT EXPLAINS ABCS OF POST-NAFTA FREE TRADE AGREEMENT "TEMPLATE"

For export or import pros thoroughly confused by the rash of ever-proliferating Foreign Trade Agreements (FTAs), each with its own set of complex rules for qualifying goods for preferential duty treatment, a presentation at the June conference of the American Association of Exporters & Importers in New York gave welcome relief. At the Trade Agreements Update" panel, Myles Harmon of Customs & Border Protection (CBP)'s Office of Regulations & Rulings (ORR: 202-482-7000) provided exporters and importers with a basic two-part model for understanding and benefiting from the new "post-NAFTA FTAs."

If you would like a copy of this 5-page report published by the Institute of Management & Administration, Inc., contact us at little.rock.office.box@mail.doc.gov, Phone 501-324-5794, or Fax 501-324-7380.

EXPORTS TO LIBYA

On September 20, 2004, President Bush issued a determination waiving the prohibition on U.S. Government assistance for commercial exports to Libya found in the Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA) The White House press release is available at <http://www.whitehouse.gov/news/releases/2004/09/20040920-3.html>

Therefore, U.S. Government assistance, including U.S. Government export assistance, for commercial exports to Libya is now generally permissible in accordance with usual Department policies and U.S. laws.

Exporters should bear in mind, however, that exports of certain goods, services, and technologies from the United States to Libya still remain restricted and may require an export license from the Bureau of Industry and Security (BIS).

MEXICO BORDER CLEARANCE

The United States and Mexico recently began a Free and Secure Trade (FAST) lane at the World Trade Bridge between Laredo, Texas and Nuevo Laredo, Mexico. The program provides importers expedited release for qualifying low-risk commercial shipments. FAST cuts truck-wait times from an average of two hours down to approximately 20 minutes. Companies may apply for participation in the program by proving that their facilities are secure and that their shipments are low-risk. For details, log on to the U.S. Customs & Border Protection website at http://www.cbp.gov/xp/cgov/import/commercial_enforcement/ctpat/fast/us_mexico/

NEW FINANCIAL ASSISTANCE FOR MEXICAN SMALL TO MEDIUM EXPORTERS by Juan Carlos Ruiz U.S. Commercial Service, Mexico City

To encourage Mexican buyers to purchase more U.S. goods and services, the Export-Import Bank of the United States and Mexico's development bank, Nacional Financiera, SNC (NAFIN), launched a new financial strategy that will allow NAFIN to offer medium and long-term loans guaranteed by Ex-Im Bank to Mexican small and medium-sized companies. This agreement will benefit U.S. manufacturers by providing additional financing mechanisms to the SME's, which had been ignored previously by the Mexican financial institutions. This offers U.S. companies substantial opportunities to market their goods and services to a sizeable niche of Mexican companies. Nacional Financiera, SNC is a development bank with the objective to promote integral development and modernization of the Mexican industrial sector; stimulate the development of financial markets and act as financial agent of the Federal Government in the negotiation, contracting and management of financial credits from abroad

According to NAFIN, small and medium enterprises in Mexico play a key role in the country's economic activity since they contribute 42% of the GDP and 64% of all employment. Unfortunately, most of these companies are unable to access new technologies and high quality equipment to improve their processes due to the lack and high cost of the financing offered by the private Mexican banking institutions. Given the importance of the machinery and equipment upgrades to increase Mexican small and medium-sized enterprises' competitiveness and quality standards, NAFIN and Ex-Im Bank have launched this innovative financing plan that offers attractive and competitive terms to purchase U.S. capital goods or services. The Ex-Im Bank guaranteed financing strategy features the following benefits:

- Financing is available to purchase U.S. machinery and equipment.
- The minimum amount per loan is USD 100,000.
- Medium or long-term financing is available for small and medium companies.
- The loan finances 85% of the total value of the machinery and equipment purchase.
- Companies can access financing either in U.S. Dollars or Mexican Pesos at their own convenience and at competitive interest rates.
- The financing time frame is no less than 2 years.
- The loan also finances technical services offered by U.S. based companies.
- Mexican SME's can decide whether to buy new or used equipment.

The requirements that Mexican SME's face in order to get access to the Ex-Im Bank guaranteed loans offered by NAFIN are the following;

- Companies must be Mexican and be part of the industrial, commercial, or services sectors.
- SME's must contribute 15% of the purchase.
- Companies are required to deliver legal information and financial statement to demonstrate their credit solvency.
- Companies must have been operating for more than 3 years in their business area.
- Companies must obtain insurance for the goods and machinery purchased.

The Ex-Im Bank and NAFIN financing strategy represents a good opportunity for U.S. machinery and equipment suppliers to promote their products among small and medium size Mexican companies. U.S. companies should take advantage of this unique opportunity to sell goods and services to Mexican SME's. For further information, contact your local U.S. Export Assistance Center.

NEW BUSINESS INSURANCE FROM OPIC

The Overseas Private Investment Corporation (OPIC) recently announced two new insurance products designed to protect American businesses as they grow and invest overseas. Small Business Insurance Wrap is for companies with annual revenues under \$35 million, and offers clients a reduced rate for political risk insurance with a one-time fee for the life of the loan. Stand-Alone Terrorism Insurance is available to companies of any size and is designed to cover loss resulting from violent acts that are intended to achieve a political objective including threats posed by weapons of mass destruction

International Trade Loan Program (ITL) working capital loan has terms of up to 25 years. Loans are made by lending institutions with SBA guaranteeing a portion of the loan up to \$1.25 million. The applicant must establish either that the loan proceeds will significantly expand existing export markets or develop new export markets, or that the small business is adversely affected by import competition. Proceeds may be used for working capital and/or facilities or equipment.

SBA Export Express allows lenders to use streamlined and expedited loan review and approval procedures to process SBA guaranteed loans of up to \$150,000. Loan proceeds may be used for most business purposes, including: market development activity such as participation in a foreign trade mission; transaction-specific financing; general lines of credit for export purposes; and term loans for permanent working capital and fixed-asset financing.

For more information, please see <http://www.opic.gov/>

INTERNATIONAL REPORTS ON PATENTS, TRADEMARKS AND COPYRIGHTS

If you would like copies of any of the following reports on patents, trademarks and copyrights, please let us know:

China:

- Copyright Legislation
- Industry Specific Issues
- Intellectual Property Reference Materials
- Patents
- Trademarks
- Copyright Law of the PRC
- Intellectual Rights Property Issues a Foreign Software Company Should Consider Prior to Commencing Operations in China
- Memorandums on Market Entry Regarding China Copyrights
- An Overview on Protecting Your Intellectual Property Rights in China

Indonesia:

- Implementing Regulations for Customs Laws Needed to Help Enforce Intellectual Property Rights Protection

European Union:

- Patent Protection in the European Union

SELL OVERSEAS CUSTOMERS YOUR PRODUCTS IN THE NEXT ISSUE OF COMMERCIAL NEWS USA

Published six times a year, Commercial News USA (CNUSA) has been the official U.S. Commerce Department's exporter's marketing magazine for more than 25 years. In 2003, advertising in CNUSA generated \$109 million in exports for U.S. companies.

The deadline to advertise in the January/February 2005 issue is November 5, 2004.

For information and details, call 1-800-581-8533, or go to <http://www.export.gov/cnusa>

USEFUL WEBSITE

To keep international buyer contacts updated on the latest U.S. visa application procedures, go to the Share DESTINATION USA link, <http://www.unitedstatesvisas.gov/>

We hope you've enjoyed this edition of our newsletter. Please note that any mention of non-government sources does not constitute endorsement. If you have any comments or questions, please contact us:
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